

ISLAMIC RELIEF ACADEMY

**Corporate Waqf and Humanitarian Agency**  
**Collaborative Partnership**

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## **Abstract**

This interpretive study explores the existence of collaborative partnership model between corporate waqf and humanitarian agency to initiate the implementation of global humanitarian intervention. In order to achieve the aims, investigations are carried out to identify current obstacles, achievable potential benefits and ways for collaborative partnership between corporate waqf and humanitarian agency to form.

The research is carried out through the implementation of qualitative document and content analysis methods as collection instruments for primary and secondary data. Primary data is gathered through an open structured interview with a member of Islamic Relief which enabled the accumulation of transparent and accurate information. Meanwhile, secondary data is extracted from available literature sources relevant to corporate waqf, humanitarian agencies and collaboration partnership models.

As present collaborative partnership research studies are replicated to prior findings, positive results are identified which supports the existence of collaboration partnership model between corporate waqf and humanitarian agency. Nonetheless, the collaborative partnership between corporate waqf and humanitarian agency possess similar characteristics and outcomes as collaborative partnership between general business corporate and third sector institutions that led to positive impacts and the increase of the corporation national and international presence.

This research paper advances a traditional and contemporary waqf introduction to Muslim and non-Muslim community, enabling them to understanding and realise the significant role of waqf

within the development of communities. Moreover, modern contemporary corporate waqf initiated the promotion of a new perceptive and dimension within waqf industry.

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### 12.1 Submission Form

#### MASTERS INTERNSHIP REPORT SUBMISSION FORM

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Report Title

.....Corporate Waqf and Humanitarian Agency Collaborative Partnership.....

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Declaration

I certify that this report is my own work. I have read the University regulations concerning plagiarism.

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# **Chapter 1**

## **Introduction**

### **1.1 Introduction**

Waqf Islamic endowment is one of the long-standing financial instruments held in trust, utilized exclusively for the benefits of righteousness devoted to combat poverty, social development, improve economic welfare of the public and community. Waqf accorded with perpetuity characteristic plays a considerable role in the development of Muslim community but its traditional practice and the reluctance to change has prevented waqf from modernizing, resulting several disadvantages of insufficient funds, poor administration, underdeveloped and idle waqf properties. The launch of contemporary waqf is seen as the solution to these issues.

Cash waqf is movable endowment that differed from the ordinary real estate waqf in which its original capital consisted purely or partially in cash. It was officially approved in the Islamic world in the eighth century by Imam Zufar, even though cash waqf had been practiced in the earlier century in primeval Mesopotamia, Greece and the Roman Empire (Cizakca 2000, Islamic Banker Ltd 2015). Similarly, cash waqf is invested through Mudarabah (Islamic partnership contract) and profits are allocated for charity. Cash waqf did not expand nor mature until the 16th century whereby it attracts high interest among the Ottomans. Despite its elevating popularity, cash waqf is vulnerable to corruption and poor managerial framework causing the repetition of conventional waqf disadvantages.



In the latter years, corporate waqf associated with corporate governance structure in compliance of Shariah law was established. The term “Corporate waqf” first emerged in 2006 through the establishment of Johor Corporation (JCorp) Malaysia corporate waqf scheme from the notion of “Business Jihad” pioneered by the founder of JCorp, Dr Tan Sri Muhammad Ali Hashim. Within conventional waqf practice, corporate waqf structure represents the ethical dimensions of the corporate world that leaves the management of waqf under scrutiny which led to the improvement of waqf administration. At the present time, contemporary corporate waqf have been practiced in a number of Muslim countries, namely: Malaysia, Turkey, Bangladesh, India and Pakistan.

The aim of this study is to explore the availability a model or conceptual framework for the collaborative partnership between corporate waqf and humanitarian agencies to initiate the implementation of global humanitarian intervention.

In order to achieve the aims, the work has been divided into three sections. Section 1 investigates the current obstacles faced by corporate waqf. Section 2 discusses the potential benefits achievable by corporate waqf from collaboration between corporate waqf and humanitarian agency. Section 3 involves two case studies in reference to JCorp corporate waqf Malaysia and Islamic Relief for a more in depth understanding of the corporate waqf operations.

## 1.2 The Problem Statement

The corporate waqf entity, Waqaf An-Nur Corporation Berhad (WANCorp) was launched in 2006 by Johor Corporation (JCorp) Malaysia demonstrating the company's aspiration to be one of the leaders in promoting corporate social responsibility via philanthropic waqf practice. The initiative taken by JCorp is used as a model for other Malaysian and global private companies to actively promote, establish and develop waqf properties.

However, the development of corporate waqf has not progressed as predicted: underdeveloped, left idle, lack of awareness, weak administration. The repudiation of corporate waqf's legal status led to the government's reluctance to intervene or support corporate waqf matters, leading to stagnation in the waqf industry. According to Hanefah (2013), government intervention is crucial in enhancing and stimulating philanthropic institutions to achieve their main objective of improving the socio-economic welfare of the people in the country.

Although the practices of corporate waqf have been widely promoted and implemented by the Islamic community, its development and scope of impact remains internal within the nation states. Jalil et al. (2013) stated the prime minister of Malaysia announcement on the initiative to develop corporate waqf at a national level within Malaysia, rather than focusing on international aid activities. Al-Horaniwaqf (2013) has a consistent view in which he exposed a significant gap in waqf work at the international context. If corporate waqf carries out a broader impact of overseas humanitarian aid and development, there would be a potential for enhancing its credibility, scope and viability.

Therefore, this paper is an effort dedicated to explore the availability of a collaborative partnership conceptual framework between corporate waqf and humanitarian agency that would facilitate and enhance the development and international presence of corporate waqf.

## **Chapter 2**

### **Literature Review**

#### 2.0 Overview

Waqf endowments in the form of immovable properties had been practiced since the ottoman period. Revenue generated from waqf endowments are used in charity for the benefit of the beneficiaries and Muslim society. Modernisation has led the evolution of conventional waqf towards the creation of contemporary waqf: cash and share waqf.

Contemporary waqf enables individuals to donate at minimum amount rather than a lump sum on an immovable waqf which elevate the candidate participations in waqf industry. Even though waqf is under the management of trustees, the development of waqf remained weak. Therefore, JCorp initiated the idea of involving corporate structure into waqf by establishing corporate waqf to facilitate waqf growth.

Literature review included the discussion of corporate waqf's advantages and disadvantages encountered at current stage of economy. The absence of government intervention at the national platform is the main factor that result the ascendance of disadvantages. Moreover, the intervention of humanitarian agencies is also required in order to elevate the national and international presence of corporate waqf.

Hence, investigation on benefits achievable from the collaboration partnership between humanitarian agency and corporate waqf are performed.

## 2.1 Foundation of waqf

Muslims possess a rich heritage of philanthropic institutions that led to the creation of waqf, the everlasting charity in the Islamic ethical system which reflects the central place of philanthropy within Islam (Zakaria et al. 2012). “Waqf” in layman’s terms is translated as to hold, confine, detain, prevent, prohibit or restrain. It is defined as the endowment of any asset or property of permanent nature by a Muslim to the ownership of Allah with a declaration for the purpose recognized by Islamic law (Shariah) as religious, pious or charitable act (Ibrahim, D. B. and Ibrahim, H. B. 2013). Endowment donation is not obligatory in Islam, but the willingness is Muslim’s effort to seek out Allah’s appreciation and continue to obtain blessing after death (Alias 2011).

The implementation and validity of waqf depends on the four elements: founder, beneficiary, donated property and declaration (lafaz) waqf, whereby each element is attached with conditions, ensuring that the respective waqf is valid and accepted (Ibrahim, D. B. and Ibrahim, H. B. 2013, Rahman 2009).

Waqf serves as an underlying mechanism in narrowing social distance, reducing inequalities and fighting poverty within a nation. Charity is a mean provided for the wealthier elements of society to interact with poor individuals by recognizing their obligations to assist the poor in combating causes and effects of hardship. The linkage helps to keep low-income groups from becoming isolated from the social mainstream, strengthening the overall social order and overall improving and benefiting the wellbeing of mankind (Khairi et al. 2014, Mikail 2013).

The mechanism could be in the form of self sufficient charity organisations or enterprises that manifest the wisdom of divine and eternal Shariah with regard to establishing the bases of

cooperation between the individuals of the community and taking care of the people of need and poverty even before they come to existence (Bayyah 2012).

Waqf properties are commonly divided into 3 classes: (i) religious waqf that satisfies the religious needs (ii) waqf kheyri (general waqf) established strictly for philanthropic charitable purpose (iii) waqf ahli (family waqf) for both charitable and familial benefits (Bremer 2004). All classes are embedded with perpetuity, inalienability and irrevocability characteristic restrictions, emphasizing the nature of continuity and permanence. Consequently, as referenced to Kahf (2003), waqf property can neither be mortgaged, exchanged, sold, inherited or gifted until the Day of Judgement which implied number of waqf properties never decreases and revenue returns are exclusively used for the objectives stipulated by its founder.

Zakaria et al. (2012) identified the significant role of waqf in Islamic society had led Islamic societies towards the establishment of a specialized prototypical institution, corporate waqf. Corporate waqf is an institutional entity with the possession of conventional non-current and current waqf asset that collect contributions from donors to aid skilled and talented entrepreneurs in founding and enhancing a business.

Moreover, the institution undertakes capital and asset growth Shariah-compliant investments to generate sustained stream of income for the contribution of philanthropic activities aimed to build a civil society free from financial burden in a country. So far, corporate waqf has penetrated various industries: investment, real estate, health care, venture capital and formed informal networks of soup kitchens, hospital, public fountains, health care, national security, transportation facilities the basic infrastructure, food, shelter as well as provision to extend educations.

## 2.2 The benefit of corporate waqf

In the past, investors are reluctant to invest in waqf endowments due to the traditional Islamic characteristic of Shariah law that restricted waqf endowment's exchange transactions that led to investment illiquidity and scarce charity funds. However, the establishment of corporate waqf associated with contemporary movable share and cash waqf has shed a new perceptive on waqf industry (Jalil et al. 2013).

According to the Muslim jurist such as Imam al-Shafi'i, Imam Malik and Imam Ahmad Ibn Hanbal, movable property can be endowed with conditions that it not depleted during used (Rahman 2009). Moreover, Imam Hanafi states that movable property can be endowed if it is attached to the immovable property permanently that contributes for the purpose of waqf.

Corporate waqf is a paradigm displacement of waqf associated with an innovative adaption of corporate structure. It is envisioned to have a distinct and unique advantage compared with general conventional waqf. Corporate waqf organisational framework enables waqf to benefit from all the dynamics of corporate driven businesses in a way that it translates the business jihad energy into achieving sustainable business and economic objectives and success (Shiyuti 2012).

This indicates endowments are no longer restricted to tangible lands: land, buildings which provide everyone the opportunity to endow through cash regardless of status (Al-Habshi 1986, Ismail et al. 2014). Share and cash waqf possess the ability of entrepreneurial dynamism which allows waqf to generate income continuously and independently (self - reliant) through reinvestment. As the amount of funds magnified, corporate waqf would be able to meet its maintenance expenses and corporate social responsibilities of catering to society's need within short and long term time period.

According to Cizakca (2011) and Shamsudin et al. (2015), general business institution is non-perpetual and produces funds sufficient for immediate usage of current and immediate future generations. Therefore, corporate waqf's characteristic attracts the attention of big corporate bodies, other larger conglomerates and communities to be involved in corporate waqf industry. This is evidenced through the participation of JCorp Malaysia and Warees Plc of Singapore, the two major corporations that implement corporate waqf structure.

Conditionally, corporate waqf is also new source of funding for various types of investment instruments and the returns are major capital injections in boosting the nation's economic development and community prosperity at the national platform (Hayat and Naeem 2014, Khairi et al. 2015). According to Khairi et al. (2014), a flourishing environment would bring equal income distribution among communities and government reliance on taxation as a main source of national income decreases which reduces the tax burdens on individuals. Ultimately, western ideology of unsuitability of Islamic products in today's modern society becomes irrelevant and public awareness of waqf among the Muslim and Non-Muslim community increases.

### 2.3 Disadvantages of corporate waqf

Despite corporate waqf sector's significant size and benefits, it became neglected and rather forgotten over the years due to lack of promotion and misperception (Dafterdar 2007, Naeem and Naeem 2014). According to Hasan and Abdullah (2008) and Puad et al. (2014), corporate waqf often faced the predicament of financial shortage. Most Muslim jurist believed waqf endowments are perpetual which neither of them could be used as collateral or sold in any form once it is created.



This indicates waqf properties are liable to increase but in an idle state associated with low rental productivity income. Low property rental income prevents waqf maintenance and development from executing (Alias et al. 2013). Even if it tried to seek external financial aid, it would be difficult as waqf could not be used for collateral under the Shariah law. On the other hand, donations from investors might be the solution for financial issues.

However, investors prefer to inject their capital into low risk commercial investment for steadier stream of returns. Therefore, idle waqf properties utilized for religious purpose are unattractive leading to the deceleration of donation contribution (Hasan 2008, Mokhtar and Ibrahim 2015, Nor and Mohammed 2013). Hence, majority waqf properties located in strategic or rural areas have not been developed in most countries.

Example, Malaysia is known as the leading country of Islamic finance sector and sukuk development but according to 2010 statistic issued by the department of Waqf, Zakat and Haj Malaysia, it showed that only 0.72% out of 11,511 hectares of waqf land was developed (Mohammad 2014). Meanwhile, Majlis Agama Islam Selangor Malaysia and Islamic Religious council Malaysia agreed that the financial funds are insufficient to develop enormous amount of waqf land leading to underutilized generation of income for further development in 2014 (Ismail et al. 2014). Furthermore, The Star newspaper Malaysia published a statement on the UDA group managing director Ahmad Abu Bakar announcement whereby 10,120 ha of waqf land in Malaysia is yet to develop in 2015 (Ee 2015).

Corporate waqf represents an important third sector market niche with great prospects but the increasingly competitive environment and the lack human resources threaten its survival and growth position (Tohirin 2007). In order for waqf to sustainably remain in the dynamic

marketplace conquered by the commercial sectors, recruitment of skillful and specialized personnel with Islamic principles and laws knowledge are required within corporate waqf management. However, Hanefah et al. (2013) and Saifuddin et al. (2014) identified that recruitments are unsuccessful due to the unattractive employment scheme and policies adopted by state or federal territory.

Failure within the recruitment process has led the administration of fund to go under the management of unqualified or non-Muslim mutawalli (waqf managers). The absence of Islamic fundamental beliefs and ideologies means mutawalli are unable to carry out their assigned role effectively which results weak administration and corruption in waqf endowments. Centralised administration is necessary to ensure legal ownership registration and complete data records of waqf properties. Omission of detail information would cause negligent within monitoring and controlling of waqf assets (Nor and Mohammed 2013).

With a broader business aims, corporate waqf is subjected to more rigorous legal financial scrutiny implemented by governments, regulatory authorities, and stakeholders. However, complication arises when there are different set of rules applied on the administration and authority between different states in a country which causes the contradicting management practices in waqf asset (Dr. Abu Ayub Md. Ibrahim and Shahadat Hossain Khan 2015, Hanefah et al. 2013). The fact of inconsistent waqf legislation and improper standard system of waqf management contributes the slow progress in reviving waqf properties (Ibrahim, D. B. and Ibrahim, H. B. 2013). Currently, Waqf endowments in Malaysia are encountering these obstacles which affect the flexibility in corporate waqf management. Nonetheless, a Malaysian professor specialized in Islamic Finance announced waqf properties have also been proven to be

incompatible to be managed in pursuant of the English trust legislation in 2013 Business Times newspaper.

According to Samiul (2007) and Tohirin (2007), individuals are inclined to contribute contemporary corporate cash waqf instead of immovable assets (land) to waqf institution. The cost of contemporary waqf endowment is inexpensive compared to immovable property to benefit from waqf system facilities. Nonetheless, waqf banking system prefers funds donations due to the flexibility and convenience in management. However, cash waqf under the management of corporate waqf is vulnerable to mismanagement and corruption. (Mohammad 2014). Therefore, only several countries such Egypt, Iraq, Syria, Iran, Turkey, India, Pakistan, Brunei, and Singapore accept the practice of cash waqf. (Mohammad 2006, Tohirin 2007)

Mokhtar and Ibrahim (2015) and Tohirin (2007) stated that disadvantages of corporate waqf could be overcome through government intervention and support in waqf industry.

#### 2.4 Government intervention

According to Hanefah (2003), government intervention is crucial in stimulating philanthropic institutions towards achievement of building a strong civil society through the improvement of people's socio-economic welfare in a country. Similarly, corporate waqf could not primarily rely on local resources to develop a sustainable civil society that possess the capabilities of supporting social justice as well as fully accountable to the parent society.

Waqf is considered on two hold levels: The endowment of the property and the management of property endowed. Issue on waqf itself is uncomplicated but the required management skill, legislation compliance and strategic planning for the development of corporate waqf is a challenge (Mohammad 2013, Naeem and Naeem 2014).

At the national platform, a national waqf committee is necessary to ensure corporate waqf administrators exercising appropriate power of authority while performing their duties in conformance of state and civil waqf legislation. The committee in place also provides guidance and assistance in managing waqf assets. According to Ismail (2013), religious councils are set up by the government in every state of Malaysia to ensure the efficient collection and distribution of zakah and waqf funds.

Hasan and Abdullah (2008) identified that Malaysian government intervened the management of British India's waqf during the enactment of the Malaysia's first legislation, The Mussalman Wakf Act 1923, implemented for the provision of efficient waqf management, proper administration and publication of accounts.

Most corporate waqf institution operation costs surpass funds generated. In consonance to Mikail (2013), Mokhtar and Ibrahim (2015), the government and public contribution are the two main source of income to waqf. Therefore, government intervention would relieve part of waqf burden by subsidizing the necessary funding and promote grants on behalf of waqf, enabling it to attract a wider audience of donors. The funding could be utilized as a bridge to an official action, while promotion attracts volunteering and board services, as well as financial contributions from the public. Overall, corporate waqf would be able to minimize its expenses, strengthen social networks and mobilize needed skills.

Conflict arises owing to lax management, corruption and the inconsistent legislation would reduce the social impact of corporate waqf system in economic development. Government involvement would prevent the relevant conflicts and construct a supportive regulated environment which enables corporate waqf to operate under the political system that allows

dissent and independent action, along with an economic system that provides scope for private, non-profit activities to function alongside with government and for-profit private sector.

Majority issues, obligations and burden of corporate waqf could be relieved from the government cooperation but taxation remained to be the most controversial issue in the history of waqf system. Chua and Wong (1999) investigated that tax incentives are among the important determinants of charitable giving by individuals. However, corporate waqf has not been granted with tax exemption status.

Conforming to McChesney (2014), waqf was never fully acknowledged as a legal institution even though it is a social institution operating in a particular society and subjected to similar other component of that society that benefits local economic, social, and cultural influences. Even Malaysia where corporate waqf is established, waqf has not been seen as a legitimate non-profit organisation in the eyes of Malaysian law. Alias (2011)

In reference to section 44(6) of income tax act, several income of waqf Malaysia such as rental income or cash waqf scheme are exempt through the approved of Inland Revenue Board on separate criteria. However, land and appreciated stock endowments are not entitled to tax deductions. Hence, present tax policies do not support, regulate, balance or oversee the waqf institutions in Malaysia (Ismail 2013).

Despite that, Cizakca (2011) identified full tax exemption was granted by council of Turkey minister on waqf and its donors under the 13 July 1967 law (no 903) after Vehbi Koc, Turkey's greatest business man encouraged the modernisation of the traditional Islamic.

## 2.5 Humanitarian Agency

Masyita et al. (2005) mentioned corporate cash waqf is expected to become one of the alternative instruments for the poverty alleviation worldwide programs particularly in the Islamic countries. However, waqf setup process requires ample amount of resources that the government might not possess due to its obligatory to fulfill interminable society's demands. In the modern waqf experience, the awareness and impact of waqf is still weak and limited, especially at the international level due to the national focus. (Al-Horaniwaqf 2013)

According to Jalil et al. (2013), the Prime Minister of Malaysia announced the initiative to develop corporate waqf at a national level within Malaysia, rather than focusing on international aid activities. There have been various sincere and steady efforts to promote waqf through joint Arab-Islamic relations, conferences, seminars organized for activating waqf international role and the establishment of Islamic Institute (IBD) for research and training. (Al-Horani 2013)

Since, corporate waqf and international humanitarian agency operates to deliver the same ends and global visions, hence, encouraging civic participation becomes more important as foreign donors and international humanitarian agency invasion provide valuable support on the development of waqf and nation's condition.

Equally, international aid agencies and other international donors are interested to devote considerable attention in developing preconditions and directing assistance towards the emerging civil society sector. This situation leads to the growing popularity of collaborations and alliances with third sector humanitarian agencies. According to Ismail (2015), Bangladesh's government adopted a fundamental strategy of seeking collaboration from non-profit organisations (NGOs)

and private sector, especially by providing necessary support to the activities of NGO to address the challenge of poverty reduction.

In consonance to Bremer (2004), he proved the collaboration partnership model between corporate waqf and humanitarian agency exist. Since the year 1964, Hakim Mohammed Said established Hamdard foundation Pakistan to manage the business, charitable and welfare activities as well as humanitarian affairs of Hamdard (Waqf). Hamdard foundation expansions were rapid and systematic leading its achievements to be well known nationally. In the later years, it infiltrated the international platform by working along with well-known global organisations such as World Health Organisations (WHO), UNESCO, UNICEF and the International Union for Health Promotion and Education.

Collaborative relations between three sectors of society involving the public, private sector and government has the capability to increase the possibilities of tackling the pressing social, economic and environmental challenges (Miller and Ahmad 2000). Similarly, Jorgensen (2006) determined the cross-sector relationship, also known as public-private partnership is highlighted as a valuable win-win potential for parties involved. Moreover, Cairns et al. (2011) identified some organisation are motivated to collaborate in response to overcome the challenges resulted from the evolution of policy environment, elevating financial vulnerability or insufficient organisational capacity in the terms of governance, staffing or infrastructure.

Successful collaborative partnership with humanitarian agency brings several positive impacts. According to Baker and Cairns (2011), humanitarian agencies are statutory sector legitimate to mobilize a wide range of resources that gives forth a strategic influence. Hence, it is capable in

solving the issue of corporate waqf scarce resource by subsidizing fractions of expenses which enable corporate waqf to be more responsive to and articulate beneficiary need.

Moreover, corporation partner is able to gain an access to humanitarian agency's classified specialized knowledge and expertise that enables it to have an in-depth understanding of challenging on-the-ground and international issues in areas of operation. It is a proactive way which initiated innovation in product development and improvement of risk management through better stakeholder relations. Overall, the collaboration increases the efficiency in combating shortcomings of corporate responsibilities commitments and boosting their organisation development leading the corporation to have more voice and influence on policies of governmental authorities and funders (Baker and Cairns 2011, Institute of Business Ethics 2010).

As a significant stakeholder in the dynamic industry, humanitarian agency possessed an international presence after many achievements working along with other regional and international charities. Corporations could undertake the opportunity of humanitarian fame to venture into new markets and distributing network. A successful penetration would improve corporation's reputation and brand value which facilitates the development within local markets enabling it to create long-term growth and greater ability to attract, motivate and retain employees (Rochlin and Christoffer, 2000; Nelson 2004, Jorgensen 2006).

According to Hansmann (1987) and Weisbrod (1988), non-profit organisation are legally classified as tax exempt organisation that benefits from a variety of explicit and implicit subsidies including exemption from federal, state and local taxes. In United States, the government grants tax-exempt status under the US tax reform 1969 to encourage non-profit organisation in



delivering public services to diverse citizenry and civic movement through communal responsibility (Alias 2011). Similarly, Turkish government gave endowments tax exemption on revenues reserved for public purpose under the Civil Code No 743 by Law No 903 of 1967 to encourage donations (Cizakca 2000).

Therefore, humanitarian agency, the collaboration partner of corporate waqf, could influence the government towards the acknowledgment of waqf as a legal institution associated with tax exemption status.

## 2.6 Business corporation waqf model

According to Tan Sri Ali Hashim, Founder of JCorp Malaysia, corporate waqf is categorized into several models: (i) business entity or corporations, (ii) banking and financial institutions, (iii) universities, (iv) foundations, (v) cooperatives (vi) hospitals or clinics (Jalil et al. 2013). The business corporate waqf model is a key institutional strategy that strived towards the success of “Business Jihad” corporate mission.

Shiyuti (2012) identified that mutawalli of corporate waqf could either be an individual, private corporation or a government link company. The institution would be a legal and religious institution with a separate legal entity that is recognized as an artificial person associated with limited liabilities, right and responsibilities similar to a living person (Zuryati et al. 2009).

Correspondent to Taqi Usmani (2006), a modern jurist who supported the principle of separate legal entity existence under Shariah law based on two rulings: (1) Ownership of waqf remained under the corporate institution (2) It is a financial institution (Baitul mal) responsible for the administration of waqf properties.

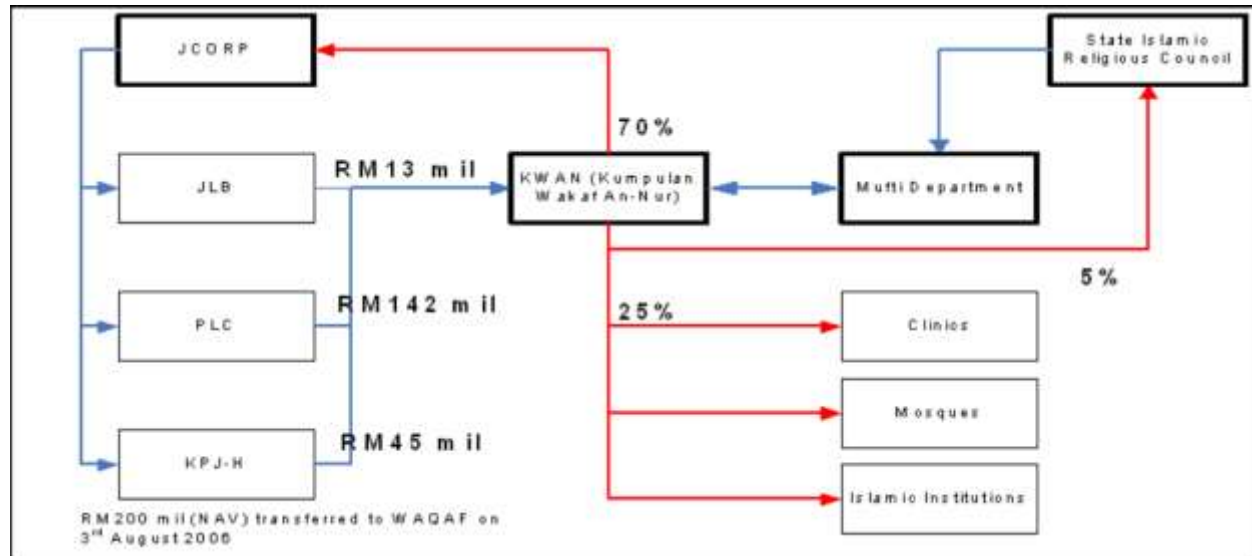
Corporate waqf institutions issues shares waqf which enable different category of individuals to purchase shares based on their budget preference. It is a financial accumulation instrument that gathers money from various sources and channels capitals to the beneficiaries (Mohsin 2012). Share waqf certificate are provided upon donation (purchase) as an evidence of contribution which declares the terms of founder's donation.

The business corporation structure and culture of corporate waqf granted founder(s) the executive right to monitor trustee performance through the implementation of appropriate measures and concepts: accountability, prudence, integrity and transparency, bringing a new dimension into current waqf practice. (Mohsin 2014)

Trustees (Mutawalli) are the chief executive officers and board of directors, who are appointed and given the jurisdiction over waqf operation management by the relevant authorities of Islamic religious (Jalil et al. 2013). The organisation structure of corporate waqf is similar to a general business corporation. Trustees are given voting power and influential control over tangible and intangible assets of the institution. Hence, they would be in charge of all corporate decisions making relevant to operations, management and development of corporate waqf. Centralised organisational structure undertaken within corporate waqf keeps all management levels of corporate waqf institution focused on fulfilling their respective obligations.



Figure 2: The Structure Of JCorp Business Corporate Waqf Model (Asharaf & Abdullaah 2012, Jalil et al. 2013)



According to JCorp annual report 2007, JCorp Malaysia met its pledge of returning maximum benefits to beneficiaries through the dedication of 25% of shares annual dividend payout into waqf (Johor Corporation 2007). Thus, dividend returns are utilized for charitable and religious activities that fulfill and benefit the needs of the Muslims and non-Muslims society as a whole.

On the other hand, Koc Holdings Turkey is the first corporate bodies involved in the establishment and administration of waqf properties as early as 1967 (Ramli, A.M. and Jalil, A. 2013). The corporation entrusted 10,000 of its shares to its subsidiary, Koc Foundation as a trustee (nazir).

## 2.7 Islamic Relief

Islamic Relief (IR) is a British faith-based independent humanitarian and development agency established in Birmingham, United Kingdom that has been fighting poverty and injustice for 30 years since 1982. The IR family foundation is made out of 40 worldwide offices that accommodate over 3,000 employed staff across the world (Islamic Relief Worldwide 2015).

They are inspired and guided by timeless values and teaching of the Qu'ran: (i) Sincerity (ii) Excellence (iii) Compassion (iv) Social justice (v) Custodianship, which presented the belief that people associated with wealth have an obligation of assisting and relieving the less fortunate from hardships: humanitarian disaster, supporting refugees, assisting vulnerable men and women to support themselves through the dignity of work, regardless of community's race, political affiliation, gender or belief (Islamic Relief Worldwide 2015).

Islamic Relief has expanded its supply chain through the establishment of two subsidiaries: TIC International and Islamic Relief Academy, in order to imply its scope of social impact towards a wider audience. TIC International's operations raises funds for IR activities by collecting and recycling clothing donated by the society. Moreover, it also conducts food activities, largely related to canned meat for aid purposes.

Meanwhile, Islamic Relief Academy was established to promote and deliver the Management and Leadership Agenda of Islamic Relief, as well as to assist the entire 'family' in researching and developing new ideas and initiatives. The Academy aims to develop the leadership capacity and capability of Islamic Relief by commissioning and delivering development interventions and activities.

## **Chapter 3**

### **Methodology**

#### 3.1 Research Methodology Method

Conceptual and theoretical qualitative based research methodology of document analysis and content analysis of relevant reference has been applied within this research paper as the collection instrument of primary and secondary data. Open structured interview method is undertaken for the collection of primary data which enabled the accumulation of transparent and accurate information.

Meanwhile, secondary data are supplied from ample amounts of available literature sources related to corporate waqf, humanitarian agencies and collaboration partnerships models. Literature involved comprises of articles, journals, published books and websites either in the language of English or Malay. Two case studies in reference to Johor Corporation corporate waqf Malaysia and Islamic Relief has been applied within the report. The case studies are implemented to investigate the current condition, impact, benefit and obstacles faced by respective parties within the real-life context which would provide an up-close and in-depth grasp of corporate waqf.

Nonetheless, content analysis method are applied for making inferences objectively and systematically through the identification of specified characteristics of the most significant point available in the relevant literatures after deep and intense readings of the previous texts and literatures related to the topics. Relevant method is implemented to achieve the stated objective.

Questionnaires are formed before the open structured interview session in order to investigate the waqf current obstacles and condition, along with potential benefits achievable from the possible collaboration partnership after identifying the gaps and opportunities of relevant research topic. The questionnaires are inspected meticulously before it is printed and distributed directly to targeted interviewee. A respective employee of Islamic Relief is invited to the open structured interview scheduled and conducted in a private room located within Islamic Relief Academy. Data achieved would be analysed. Nonetheless, similar study and journal preceding the research that examines corporate waqf and humanitarian agencies are referenced to or abstracted as further evidence to justify each interviewee's evaluation on the issue.

### 3.2 Scope and Limitations

The research analysis relied on data abstracted from reports, news, journals and conferences provided on respective company's database and websites. Hence, limitations encountered during the process of research are the qualitative study's validity and reliability. According to Simon and Goes (2013), qualitative research occurred in a natural setting that it is extremely difficult to replicate study. Other than that, several original documents and journal referred to are written in languages other than English whereby the translations carried out relied on technical translation tools or researches understanding which may compromise the transparency of information.

Nonetheless, the management report was prepared within the limited time period of three months which disallow proper scout of interviewee candidates that led to the open structured interview administered to one significant personnel of Islamic Relief. Even though, the employee of Islamic Relief possessed the experience and knowledge on corporate waqf, the sample size is too small to make a general conclusion that represents everyone. Therefore, results, conclusion and

recommendations based 3 month worth of understanding may or may not reflect actual corporate waqf activities.

Furthermore, scope of research and exploration on corporate waqf concept in reality are limited.

Corporate waqf has been officially launched since 2006 but the sector remained underdeveloped causing the lack of information, research and published journals on corporate waqf. Despite that, maximum effort would be devoted into this study to arrive a conclusion which is still referable and applicable in professional situation.



## **Chapter 4**

### **Analysis and Findings**

#### 4.1 Current disadvantages of corporate waqf

Within the literature review, Dafterdar (2007), Naeem and Naeem (2014) determine corporate waqf became neglected due to the lack of marketability and misperceptions. Investigations have been carried out and the results are in agreement. The lack of promotion on conventional corporate waqf has failed to convince the genuineness of the waqf which leads to the hesitation of donors to make an endowment. As researches and societies mostly focuses on institutions like non-profit organisations instead of religious institution such as corporate waqf, contributors to corporate waqf are those who happen to stumble by accident or associated with personnel relevant to corporate waqf.

The poor education and communication channels are accountable for the misperceptions and poor marketability as it failed to deliver actual characteristic of corporate waqf. Not only that, corporate waqf are private institutions operating in compliance of legal framework which may prevent corporate waqf freedom in broadcasting projects and needs through present social media and other various promotion methods requires the injection of funds and time which waqf does not have.

In the present time, the shortage of fund remained to be a major disadvantage of waqf that supports the view of Hasan and Abdullah (2008) and Puad et al. (2014). Waqf legislation reforms and the acknowledgement of contemporary nature of cash, shares and corporate waqf by religious scholars should have attracted community's interest to the waqf industry. However, modern Islamic community still persistently presumed waqf endowments could only in tangible

form of mosques, cemeteries, religious schools or madrasahs on contemporary rather than intangible. Therefore, the scarce finance resource is due to the low productivity of tangible waqf property rentals which failed meet its high maintenance expenses causing stagnate of waqf development.

Nonetheless, it is susceptible to think similarly with Hasan (2008) and Nor and Mohammed (2013) on investors. Investors are reluctant to invest within corporate waqf as most of waqf lands are utilized for religious purpose rather than for charity purpose whereby investors would be eligible to claim tax deduction on donation as well as fulfill its corporate social responsibilities and obtain personal motivation through its contribution to community.

Additionally, investors are attracted to investment opportunities associated with high income yield, low investment risk and strong future prospect. However, waqf endowments have low diversification, low return yield and restricted from sale transaction due to perpetuity characteristic associated which contradicts with investor's investment criteria. As waqf investment possessed illiquidity and high capital risk characteristics, it failed to attract investors.

The efficient allocation and transparency of resources depends significantly on deploy of the right kind of human capital which is vital to the overall health of an industry. However, waqf industry is encountering the lack of qualified human resource resulting to repetition of concerns of illegal slaunders of waqf funds, irregularities sale and transfer of founders waqf land for self interest that has significantly threaten the health of waqf industry. Reasons are due to: (i) the lack of waqf emphasis in the education system (ii) the absence of corporate waqf administration training in the field (iii) Insufficient corporate waqf senior officers to plan and coordinate and (iv) limited corporate funds to finance the employment of senior officers and experts.

Therefore, there is an agreement with Tohirin (2007) statement on the lack of human resources within the corporate waqf industry has led to suspicion on waqf management accountability. Inadequate human resource would result deficient organisation data and survey on corporate waqf that causes poor feedback on waqf activities necessary as the foundation of waqf future prospect planning.

In the literature review, Hanefah et al. (2013) and Ibrahim, D. B. and Ibrahim, H. B. (2013) stated that inconsistent waqf legislation stagnate the reviving of waqf properties. It is agreeable as effectiveness of corporate waqf administration depends on the strength and scope of corporate waqf legal framework which represents the backbone upon which future research of waqf would have to build on.

Waqf properties should fall under the jurisdiction and power of respective state' Islamic religious councils to obtain efficient govern, manage and administer in accordance to Islamic law enactments and rules made thereafter. Moreover, as centralised national law issued by the government takes precedence before any state law, state council should have implement centralized law onto waqf properties to ensure the consistency of legislation across the country. However, these situations do not occur in reality.

In Malaysia, the existence of Enactment of Wakaf 1999 (Selangor), Enactment of Wakaf 2005 (Melacca), Enactment of Wakaf 2005 (Negeri Sembilan) and Waqf Rules 1983 had neglect the establishment of a coherent legal system. Therefore, Malaysia often encounter contradiction issues between state law and federal law which affects the fragile status of waqf lands in the state.

An ecosystem is also necessary to create a vibrant corporate waqf industry, which includes favourable regulatory, accounting, legal and tax environment, availability of skilled resources,

close link to academia and the industry and cultural acceptance. Mokhtar and Ibrahim (2015), the severe lack of government support might be the main reason is understandable. In the absence of government intervention, it may take years to build a vigorous industry which similar to the case of corporate waqf industry. In Bangladesh, the issues of waqf mismanagement are beyond the government's control as majority of waqf property are traditionally patronized by private institution without the association of waqf administration.

Ultimately, the active participation of government in the process of industrialisation by providing matching funds, incubators, incentivizing and developing talent would initiate the corporate waqf industry.

#### 4.2 Potential benefits

There is a consensus agreement with Masyita et al. (2005) statement whereby corporate waqf is an alternative instrument for poverty alleviation worldwide. Corporate waqf possess a significantly influence within the Islamic society as it exist since the Ottoman period. The outstanding qualities of waqf inputs and activates were integrated with multiple benefits which exceeded the boundaries of a single territory and reached out beyond the country's borders. Therefore, it is acknowledged as one of the major cultural phenomena and a byproduct of the Islamic thought at a large scale.

Despite the influential role over Islamic community, corporate waqf still face challenges and obstacles which confront the revival of the waqf project at an international level akin to Al-Horaniwaqf (2013), Jalil et al. (2013) statement which highlighted the significant gap in waqf work at the international context. There is a dire need to overcome the existent problems, either

of technical, funding or geographical nature, and to move forward towards a joint project for unifying waqf institutions and organisations involved in charitable work.

Collaborative partnerships is a common strategic business strategy in the modern dynamic competitive market whereby agreements are made by consenting organisations who agree to share resources, such as finances, knowledge and people in achieving common goals. This similar practice has been implemented by corporate waqf institutions in the recent years. Thus, there is an agreement with Bremer (2004) view on the existence of corporate waqf collaboration partnership model.

The humanitarian agency shares similar values and commitments with the corporate waqf in supporting vulnerable host populations that have experienced a sudden emergency, requiring ongoing assistance to maintain or improve their quality of life. Alignment in goals and objective between the collaboration partners of corporate waqf and humanitarian agency provides invaluable opportunities. Baker and Cairns (2011), Cairns et al. (2011), Institute of Business Ethics (2010), Jorgensen (2006) and Miller and Ahmad (2000) and statement on cross relationship synergies of increase in funding, knowledge based- resources, improved in the relevance and effectiveness of services and operations are agreeable. However, corporate waqf is lacking in many aspects which prevents it from attaining its goals.

The shortage of funds is consequently a major issues encountered by corporate waqf but the collaboration partnership with a humanitarian agency would increasing corporate waqf fundraising capacity. Humanitarian agency would involve corporate waqf in its activities in delivering essential services on the national and international platform. As corporate waqf formal engagements with the community increases, it would attract a diverse subsidies and financial

funding base that would support its initiatives. The efficiency of financial mechanism of humanitarian agency is also able to encourage financial savings and better use of existing scarce resource within the corporate waqf.

The humanitarian agency possesses lavish leader and expert human resources from various educational dimensions and knowledge which provides expertise that corporate waqf do not possess. The exchange of various perceptive, ideas and practices between the collaborative stakeholders would provide human resource of corporate waqf the opportunities for skills development and training opportunities. Skill and talented human resource enables corporate waqf to exploit its vulnerabilities and gain and insight of its industry. Information sharing with experts, it guides corporate waqf through decision making in unfamiliar process and strengthen the cycle of learning that would enhance the work force professional skills and competencies. Competent work force increases the productivity levels in mitigate risk, reducing potential mistakes and increase the efficiency in the administration and management of waqf.

Nonetheless, humanitarian agencies have a positive public relation to offer corporate waqf as it owns a huge donor network and efficient communication channel that could be utilized as a social marketability vehicle. Efficient marketability enables corporate waqf to obtain wider geographical reach in broadcasting and disseminating Islamic actual purposes at an accelerated rate combining faith and material rewards among Muslim and non-Muslim community.

Proper consistent corporate waqf perception transmission enables corporate waqf to attract new donor audiences that would build up positive sentiment on corporate waqf social outcomes which strengthen its credibility, awareness and reputation in the market. Creditability signifies corporate waqf commitment towards social corporate responsibilities that obligates them to

contribute and participate in communities in which they operate. Basically, it provides corporate waqf an opportunity to consolidate and protect its donor base in the community.

Working as partners in the collaboration with the humanitarian agency deepens and strengthen relationships which allow both parties to complement with one another and specialize in different areas. Humanitarian agency support would also assist corporate waqf in increasing its visibility and political leverage against different levels of government. As the result, the society would be more supportive on waqf matters and governments are influenced to consider the tax exemption status and participation of corporate waqf mechanism as the development of the nation.

#### 4.3 Case study: Johor Corporation Malaysia

Johor Corporation (JCorp) Malaysia established its subsidiary, Waqaf An-Nur Corporation (WANCorp), in 2000 to manage its assets and shares under the nature of waqf. Initially, WANCorp operation were executed on a small scale basis with the professional and financial support of KPJ Healthcare Berhad, a subsidiary of Johor Corporation Berhad, through the launch and management of waqf clinics set up across the states of Malaysia before it is officially licensed as corporate waqf.

In 2006, Dr Tan Sri Muhammad Ali Hashim, the founder of JCorp, was the first individual to initiate corporate waqf through the “Business Jihad” concept by pledging RM 200 million of its own company’s shares as waqf to Waqaf An-Nur Corporation Berhad (WANCorp). In agreement with Johor Corporation (2007) and Ramli, A.M. and Jalil, A. (2013) statement, RM 200million shares of JCorp involved the transfer of 12.35 million unit shares of JCorp Kulim (M)

Bhd, 18.60 million unit shares in KPJ Healthcare Bhd and 4.32 million unit shares owned by Johor Land Bhd.

In order to achieve the company's aspiration to be one of the leaders in promoting corporate social responsibility via philanthropic waqf practice, its objectives consist of: (i) Incorporation of Islamic values within JCorp and subsidiaries management and administration (ii) Research on contemporary approach and provision of policy recommendations in making JCorp an Islamic corporate entity (iii) Coordinate and manage the operation of Waqaf An-Nur Clinics (iv) Plan and coordinate Islamic activities and incorporate Islamic values in JCorp and its group of companies (v) Act as the Secretariat for Mosque Committee and coordinate JCorp's mosques management (vi) Be a main centre of Islamic reference for business management.

Corresponding to Zuryati et al. (2009), corporate waqf is a business corporation associated with a separate legal identity. Therefore, WANCorp is registered with the Companies Commission of Malaysia as a public limited company in compliance to United Kingdom company law.

Moreover, WANCorp constituted the memorandum of understanding (MOU) agreement in 2009 with the religious council of Johor, a body that mobilize the development and progress of Muslims within Malaysia. The memorandum had led both parties to a consensus agreement on the appointment of WANCorp as a special Mutawalli to manage JCorp's shares and assets. With a board of directors made of JCorp and WANCorp executive members, they carry the responsibilities and authorities in decision making on all operation management of corporate waqf activities which arrived a similar viewpoint with Jalil et al. (2013) in the literature review.



WANCorp operations management are agreeable to Kahf (2003) viewpoint whereby waqf's original investment remained intact infinitely. The original investment of donors remained untarnished while funds generated from original investment are declared as dividend. Dividend returns has a weight composition represented by 70% of the benefit channelled for JCorp reinvestment and human capital development, 25% to WANCorp for Fisabilillah and the remaining 5% is distributed to Islamic Religious Council of Johor.

Dividend received by JCorp is the core source of finance contributor to reinvestment that led to sustainable future waqf development. Meanwhile, the distribution of benefits under Fisabilillah has been allocated to fund charity, social works, human capital development, and treatment of sick patients.

A1: WANCorp corporate waqf 2014 achievements

#### 4.4 Case study: Islamic Relief

Islamic Relief set up its Waqf programme in 2000 to accept monetary donations as a source of independent sustainable funding channeled for its humanitarian projects such as building wells, providing emergency aids to refugees, providing education and healthcare to those in need, empower the needy to generate income independently and support the orphans

After almost 10 years of implementing the Waqf programme, Islamic Relief looked at the possibility of establishing a separate legal entity for waqf that can operate as a subsidiary for IR but with more independent management. One of the aims was to establish a more structured corporate Waqf.

Corresponding to Zuryati et al. (2009), corporate waqf is a business corporation associated with a separate legal identity. Hence, IR corporate waqf is registered with the Companies House of United Kingdom's registrar of companies under the investment trust business category nature in compliance to United Kingdom's England and Wales English legal system. As a private limited company (Ltd) and a subsidiary of Islamic relief, IR Waqf shares are not offered to the general public and its shareholders liabilities are limited to the amount of capital donation originally invested whereby their personal assets are protected from company's insolvency.

Nonetheless, Islamic Relief is also registered as a non-profit organisation under the United Kingdom's Charity Commission which would enhance public confidence and support towards IR.

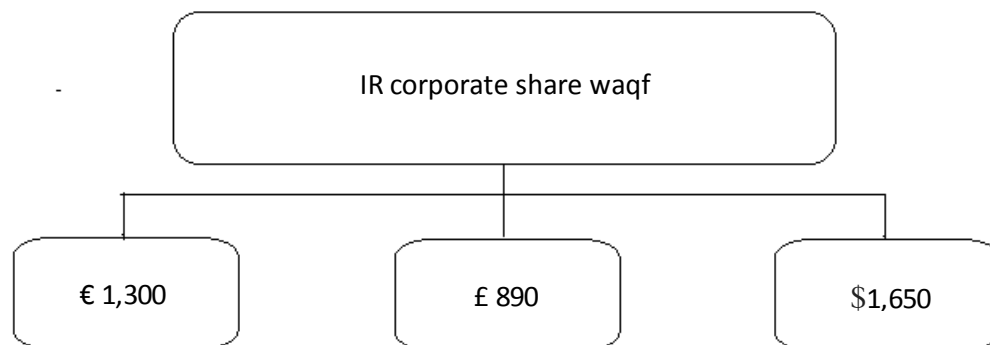
Similarly in accordance to Jalil et al. (2013) in literature review, IR elected a body of directors as trustee, responsible to oversee the operation management of corporate waqf activities. The board of directors executes their power of authority in decision makings to ensure donor's funds are allocated in accordance to trust deed (share certificate). From the circumstances whereby IR corporate waqf wishes to allocate donor's funds inconsistent to conditions of trust deed (share certificate), any change in the utilization of the fund (different to what is agreed with the donors in the deed certificates) need to be agreed by the regulatory authority which will be the charity commission in the UK and an independent judge of law in the ideal world.

The original donation to Waqf is preserved and invested in low risk type of investments to generate a Return on Investment (ROI) of around 7% annually. Every year 10% of the ROI is added to the investable capital (Waqf corpus) for reinvestment, 10% is the investment

management cost and the remaining 80% is used for funding IR humanitarian projects annually in line with the donors' conditions.

Reinvestment execution aimed to retain waqf perpetuity permanence characteristic which is in agreement with Kahf (2003) viewpoint that IR's waqf original investment remained intact infinitely, without any decline in amount.

Figure 3: Islamic Relief share waqf per lot in various currency model



Based on figure 5, donors are given options to donate in euro, pounds or dollar (based on donors' geographical location) in exchange for an ownership of IR corporate share waqf along with share certificate. Donors could also contribute any amount of donation to the waqf programme which will be registered as Sadaqah Jariyah (ongoing charity) whereby accumulation of capital are carried out through fundraising from different categories of people in different amount which achieved a consistent perception with Mohsin (2012) within the literature review.

The Business Development Manager of IR Academy whom formerly held an endowment fund managerial position of waqf IR, proclaimed large segment of IR waqf donations are contributed

by individuals compared to major corporations. Individuals are willing to donate as they held the similar belief identified by Alias (2011) whereby it is a Muslim effort to seek out for Allah's appreciation and continue to obtain blessing after death. Meanwhile, some of the multinational corporation donors might donate to Waqf as part of their Corporate Social Responsibility or as a mean to diversify the way they contribute to paying tax in their

Ultimately, IR corporate waqf funds generated would constitute a proportion of humanitarian projects funding channeled for international humanitarian aid.

A2: Islamic Relief humanitarian project achievements (Islamic Relief Worldwide 2013)

## **Chapter 5**

### **Conclusions and Recommendations**

#### 5.1 Conclusions

The contemporary nature of corporate waqf is established for general or specific cause that Islam regards as socially beneficial. It is an innovative form improvised from the traditional waqf concept to a modern corporation mechanism that achieves business and corporate objectives efficiently in accordance of Shariah law. Rather than possessing solely non-movable asset, corporate waqf has a distinct and unique advantage of possessing movable asset such as cash, share and equity. Earnings, dividend payouts and reinvested funds from shares and equity are either utilized for the good of the beneficiaries.

Contemporary nature of corporate waqf has granted self-reliant, perpetuity, flexible and convenience characteristics enable it to possess the capability to generate funds and resources independently necessary to meet its maintenance and development cost. Nonetheless, it has widen its scope of impact by undertake several business structure while penetrating different industries to reach out and cater to the society's need in the short and long term period. This condition has lead corporate waqf to be an important sector dedicated to the social and economic improvement of society.

However, the present situation of corporate waqf is undoubtedly unsatisfactory. Misperception of waqf still remained among the community due to the weak marketability channels. The lack of appropriate human resource leads to poor administration and management of corporate waqf. The situation deteriorating further when it is identified the absence of government intervention significantly result the stagnation of corporate waqf development nationally and internationally.

Government is a system which holds roles as a legislator, administrator and arbitrator that exercises executive authority over a state or community. Similarly, it has significant influence over the society. Therefore, the fact that corporate waqf is not a legal institution as it failed to obtain government acknowledgement leads to community doubts on its real purpose and identity. The absence of support from 2 main stakeholder, government and society had stagnant the development of corporate waqf industry.

On the aspect of solving the issue, the strategy of collaboration partnership model with humanitarian agency provides corporate waqf the conceptualization and analytical tools for systematically examining, developing and managing its present disadvantages and identifying opportunities in national and international platform.

Humanitarian agencies are established dedicated to distribute humanitarian aid and development aid. As humanitarian issues increases continuously due to global development, government could not rely on its own capabilities and resources in reducing the issues that significantly affects its political and economy position. Therefore, it encourages the intervention of humanitarian agency to assist it in achieving short and long-term sustainable economic growth and poverty reduction.

Government reliance on humanitarian agency has provided the agency an influence over the government, as well as an influential voice within the society. As collaboration partner of corporate waqf, it would promotes and discuss issues of corporate waqf to the government and society on corporate waqf behalf that would facilitate its development nationally and internationally.

The report has hoped that the empirically grounded collaboration partnership framework has advanced the conceptualization the humanitarian agency and corporate waqf collaborations. Equally, the collaboration partnership between corporate waqf and humanitarian agency is important and expanding phenomenon that merits further study.

## **5.2 Recommendations**

### Recommendation 1: Non-profit status (legal entity)

Corporate waqf is an Islamic charity corporate organisation that has the potential to become one of the important instruments in socioeconomics realms which would mitigate fraction of government's fiscal needs and improve the communities and nation welfare in the terms of education, health care, national security, transportation facilities, basic infrastructure, foods and job opportunities. Despite corporate waqf significant role in empowering the socio-economic condition of countries, government recognized it as a profit-making corporation rather than a non-profit organisation.

As a business corporation, corporate waqf is not eligible to obtain benefits of non-profit status: public grants, private grants, tax exemption, tax deduction, that could alleviate its financial distress. Whereas non-profit organisations have an easier access to funds as they are permitted to solicit charitable donations from the public. Foundations and government agencies at the knowledge of non-profit organisation intention of benefiting the public are also willing to limit their grants to them.

Moreover, non-profit organisation are exempted from payment of corporate income tax under the Federal exemption of Internal Revenue Code 501(c)(3) which equally meant non-profit

organisation will also be exempt from similar state and local taxes. Hence, as the non-profit status is a resolution to corporate waqf disputes, corporate waqf should do its utmost effort to be acknowledged by the government and the community.

Islamic Relief had been acknowledged as a non-profit organisation since 1981. Being in the field for a period of 30 years makes it a certifiable candidate to lead corporate waqf towards the qualification of non-profit status. Islamic Relief could assist corporate waqf on outlining its purpose of existence, foundation building, incorporation, compliance requirements and resources. With a proper paved direction associated with missions, aims and objectives, corporate waqf would work towards it efficiently and effectively.

Islamic Relief has obtained a mile stone achievement in establishing local field office across the globe and partnering with diverse fiscal sponsors, non-profit incubators and other international humanitarian aid agencies. As the collaboration partner of corporate waqf, it could link corporate waqf to its vast social network that would assist corporate waqf in its resolution in several issues: scarce resource, inefficiencies, lack of marketability, low presence.

Corporate waqf is a charitable organisation which received donations and dedicated it to a charity purpose or serving the public good rather than a private group. In addition, it is not an action organisation which attempt influence legislation nor participate in campaign activities for or against political candidates. As corporate waqf anatomy meets the terms of section 501(c)(3) of Inland Revenue Code, it renders corporate waqf a reasonable alibi to be qualified as a legal non-profit organisation.

#### Recommendation 2: Tax exemption



A non-profit organisation associated with tax exemption status is excluded from paying federal, state and local taxes related to all inflow of incomes: income from donors, government grants, money generated through fundraiser, reinvestments. Despite corporate waqf contribution to the society, it is still obligated to meet its' tax responsibilities which prevents the efficient utilization of available funds for future cause.

Donors are more willing to contribute to donations, with the intent of writing off those donations during tax season. Hence, corporate waqf lead donors to hesitate during investing or donating, especially if the donation is one that is sizable. Nonetheless, corporate waqf is unable to obtain lower postage rates and free radio and television marketability announcements which are granted to non-profit organisations leading its awareness remaining low at current modern economy.

Islamic Relief has been awarded by the Institution of Chartered Accountant in England and Wales for its outstanding transparency and communications in disclosure of annual reports. It produces annual report that intended to give shareholders and other interested people information on its activities and financial performance. Annual report contains information on operations as well as corporate social responsibilities that enables Islamic Relief the opportunity to present transparent detail explanation on allocation of donor's funds, reasons for activities undertaken and achievement accomplished for the public benefit.

Annual reports are invaluable tools in burnishing an organisation's public image. By presenting Islamic Relief as a proactive member in serving the community, it able to offer an assurance the community that their donations are in good hands which allows Islamic Relief to receive less resistance from the local interest groups. Moreover, annual report is also a marketing tool to

disseminate their future perceptive in appealing to new investors, customer and employees, more importantly a mechanism in influencing the government.

Under the wing of Islamic Relief, corporate waqf would be guided and trained in producing a proper annual report along with the necessary compliance of operations. As the public and corporations come to acknowledge the corporate waqf existence through the referred of annual report, Islamic relief could use their collective influence to persuade national government to adopt or permit particular tax exempt status on corporate waqf, enabling it to enjoy corporate income taxes exemption on the money it generates and donors who contribute to the organisation obtain tax deductions on their donation contribution.

### Recommendation 3: Government intervention

The government is a board that governs a community with the administration of public policy, exertion of executive political and sovereign power through customs, institutions and law. Every corporations and institutions, even corporate waqf, are placed under the government's scrutiny whereby relationships within the economy are regulated to ensure each institution understand and fulfill their significant roles in contributing and meeting nation goals.

Governments possess a significant presence and influence over the community which validates its position as a steering mechanism within the society. It guides, creating norms and help each individual within the economy to relate with one another that ensue the creation of smooth, secure and peaceful society. Therefore, government intervention and acknowledgement represents the society acceptance towards corporate waqf leading to the imprint of a new perspective that positively affects corporate waqf growth and development.

Dynamic economy evolution has led to severe humanitarian crises. Government has shift humanitarian issues to a centre interest as it is imbued with high levels of domestic and international political significance that would affect its survival and political position within the short and long term period. Hence, even the most powerful governments have to deal with serious reputational and “survival” issues if they fail to respond adequately to humanitarian crisis.

Despite the government effort in dissolving humanitarian catastrophes, scarce resource make the government to swift towards immediate short term aid measure which would destroy the country’s long term development plans. However, the increasing numbers of humanitarian agencies in the recent years aimed to engage humanitarian and development aid has relieved fraction of government’s burden. This indicates the presence of humanitarian agency, Islamic Relief, plays more than a general role in a country that granting it an influential voice over the community.

Islamic Relief could act as a representative of corporate waqf in highlight the importance of corporate waqf as part a development instrument to the government. Eventually, the government would realise corporate waqf’s contribution and offer its’ intervene in corporate waqf matters which ultimately increase the awareness and encourage the participation of individuals towards corporate waqf.

#### Recommendation 4: International platform

Corporate waqf aimed for the establishment of an international presence, in order to reach out beyond discrimination of race, culture and religion to a wider audience through its humanitarian activities. However, misperception, lack of awareness and the difference in operation of

humanitarian operations in the West causes significant challenge for corporate waqf to overcome them itself without any assistance.

In June 2004, Islamic Relief initiated the social Humanitarian Forum online platform to foster partnerships as well as facilitate closer cooperation between donors and NGOs in the West and in the Muslim-majority world to tackle some of the misconceptions regarding Muslim donor agencies.

The Humanitarian Forum enabled it to penetrate communication barriers which allowed consultation between wide spectrum of humanitarian stakeholders, an eclectic mix of international non-governmental and governmental agencies to happen that led the bridging of perceived gap between the West and the Muslim worlds. Moreover, the Forum supports NGOs in the Muslim world in capacity building, advocacy for a legal framework for greater transparency, promotion of humanitarian principles and standards, improving communication and cooperation.

The support of social network in place would initiate corporate waqf steps towards its formation of international platform. As partners, Islamic Relief could assist in educating and promoting the importance and benefit of waqf as a branch out project to other humanitarian agencies, partners and society through the forum.

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## Appendix

### A1: WANCorp corporate waqf 2014 achievements


Sector	Contribution	Achievements
Economic	Management of waqf assets	Value of waqf had leap to RM 407.6 million from RM 250 million
Health	19 branches of AnNur Waqaf Clinic 4 dialysis centres 1 waqf hospital managed by KPJ Healthcare Bhd	Treatment to more than 1 million patients of various ethnic group and religious background at minimum notional charge of RM5 per treatment
Humanitarian	Emergency aid Relief works	250 volunteers recruited to provide immediate assistance to earth-quake, flood, tsunami incidents
Development	Waqf land development	Developed 5 mosques Owned 11 waqf properties
Socio-economic	Waqf Business Fund	Microcredit loans given to 300 micro-entrepreneurs through 1-Qardhul Hasan concept

Education	Training programmes and courses	200 new Mutawif members Enhance 20,000 student's Islamic culture and knowledge
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A2: Islamic Relief humanitarian project achievements (Islamic Relief Worldwide 2013)

Aims	Purpose	Achievements
Protecting life and dignity	Responding to disasters and reducing impacts	<ul style="list-style-type: none"> <li>1.4 million people in war-torn Syria received emergency food and medical supplies</li> <li>Largest single shipment of aid to the Philippines</li> <li>2 million poor people benefitted from Qurbani meat distribution</li> </ul>
Empowering communities	Promoting development and sustainable livelihoods	<ul style="list-style-type: none"> <li>10% increase in school enrolment achieved for girls in Urozgan, Afghanistan</li> <li>300,000 people in the West Bank grant an improved access to healthcare</li> </ul>
Campaigning for change	A force for social justice	<ul style="list-style-type: none"> <li>8 recommendations to ease the suffering of the Syrian people</li> <li>45,000 people attended the</li> </ul>



		<p>Global Day of Action event in</p> <p>London, UK, organised in</p> <p>collaboration with other leading</p> <p>NGOs</p> 
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## **Certificate of Ethical Approval**

Applicant:

Su Chew

Project Title:

Corporate Waqf and Humanitarian Agency Collaborative Partnership

This is to certify that the above named applicant has completed the Coventry University Ethical Approval process and their project has been confirmed and approved as Medium Risk

Date of approval:

30 July 2015

Project Reference Number:

P35286